

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et*
al.,

Debtors.¹

PROMESA Title III

Case No. 17-BK-3283-LTS

(Jointly Administered)

Re: ECF No. 24336

**THE PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY
AUTHORITY'S STATUS REPORT REGARDING THE GOVERNMENT OF PUERTO
RICO'S RESPONSE TO RECENT ACTIVITIES, INCLUDING COVID-19 PANDEMIC**

To the Honorable United States District Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"), through its undersigned counsel, submits this status report on behalf of the Government of Puerto Rico (the "Government") in response to the Court's *Order Regarding Procedures For Hearing On June 8, 2023, Omnibus Hearing* [ECF No. 24336], and states as follows:

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566(LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), and (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801).

PRELIMINARY STATEMENT²

The Government remains engaged in reconstruction endeavors to repair damages caused by the passing of Hurricane Maria and Hurricane Fiona and has continued working on recovery and resilience efforts with various Commonwealth and federal government agencies, including the Federal Emergency Management Agency (“FEMA”) and the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”). As of May 29, 2023, FEMA has destined over \$31,000,000.00 to the Public Assistance program for multiple projects directed to address Governor Pedro R. Pierluisi’s (the “Governor”) goal of creating a more resilient Puerto Rico that can better withstand atmospheric events by, among other things, creating additional sources for generation of renewable energy to prevent unexpected outages and mitigating flood risks.³ As noted in prior reports, these initiatives have collectively resulted in a substantial increase of reconstruction projects when compared to those observed during prior years, as further detailed below.

Moreover, following the declaration of the culmination of the COVID-19 pandemic state of emergency, the Puerto Rico Department of Health (the “DOH”) has continued to monitor infections, remaining vigilant in its efforts to reduce the spread while continuing to work closely with experts to adopt any necessary additional measures.

² Defined terms not otherwise defined herein shall have the same meaning given to them in *The Puerto Rico Fiscal Agency and Financial Advisory Authority’s Status Report Regarding the Government of Puerto Rico’s Response to Recent Activities, Including COVID-19 Pandemic* (the “March 2023 Report”) [ECF No. 23802].

³ See COR3 Press Release, *Generadores Con Fondos De FEMA Aportarán A Instalaciones De Servicios De Seguridad Más Estables* (Feb. 16, 2023), <https://recovery.pr.gov/en/press-releases/generadores-con-fondos-de-fema-aportaran-a-instalaciones-de-servicios-de-seguridad-mas-estables>. As detailed below, the progress of HMGP projects can be publicly accessed through COR3’s *Road to Resiliency* portal, located in its website. <https://recovery.pr.gov/es/road-to-resilience/hmgrp-qpr/table>.

I. Measures Regarding COVID-19 Virus

1. On May 11, 2023, the Governor issued Executive Order OE-2023-012 (“OE-2023-012”), through which the Government decreed the culmination of the declaration of emergency in connection with the COVID-19 pandemic and the deactivation of all the special proceedings employed by agencies and municipalities to respond to the emergency.⁴ Pursuant to OE-2023-012, (i) the DOH retains the faculty to issue, among others, any regulations, directions, administrative orders to address the COVID-19 illness; and (ii) the citizens and residents of Puerto Rico are exhorted to continue taking the measures suggested by the DOH to avoid contagion and propagation of the virus, particularly to vulnerable populations.

2. Notably, OE-2023-012 provides for the continuation of any existing projects funded with either state or federal funds related to the COVID-19 pandemic.

3. On May 11, 2023, the Secretary of the DOH, Hon. Carlos Mellado, issued Administrative Order 571 (“AO-571”), highlighting that, despite the culmination of the state of emergency, the COVID-19 is still a public health issue, for which the DOH’s adoption of measures and strategies to protect and guarantee the health, security, and wellbeing of residents of Puerto Rico is necessary.⁵

4. Furthermore, through AO-571, the DOH recommends that the residents of Puerto Rico (i) continue to follow CDC and DOH recommendations about being up-to-date with their vaccinations, (ii) use facemasks at their discretion, and (iii) continue practicing social distancing of at least six (6) feet, using improve ventilation of indoor spaces, and continue washing their hands consistently.

⁴ See, [OE-2023-012](#).

⁵ See, [AO-571](#).

5. As detailed in previous reports, the DOH maintains a “dashboard” to provide daily updates on COVID-19 related statistics, which are implemented in the PIC Portal.⁶

6. As reflected in such databases, since the March 2023 Report, although some increases in positive cases were observed, during the past fifteen (15) days, the Government has observed a reduction in COVID-19 infections.⁷

7. As of June 4, 2023, confirmed cases in the last seven (7) days were as follows:

- 10 cases in children of, or younger than the age of 11;
- 8 cases in children and young adults from the ages of 12 through 29;
- 44 in adults from the ages of 30 through 59; and
- 32 in adults from the ages of 60 or older.

II. Status of COVID-19 Vaccination Process and Infections

8. The Government continues to promote COVID-19 vaccinations, including booster shots, as well as the use of face masks, social distancing, constant handwashing, and disinfecting surfaces, as the best way to continue combatting COVID-19’s spread.

9. The Centers for Disease Control and Prevention (“CDC”) established four (4) levels to measure transmission, as follows: low (less than 5%), moderate (5% - 7.99%), substantial (8% - 9.99%) and high (more than 10.00%). As of May 13, 2023, the highest observed positivity rate was 20.66%, locating Puerto Rico in a high transmission classification.⁸

10. As noted in previous reports, the DOH adopted the CDC’s definition of being “up-to-date with vaccinations,” which distinguishes between (i) “non-vaccinated,” (ii) “not up-to-date

⁶ See <https://covid19datos.salud.gov.pr/>; see also PIC Portal at <https://datos.pr.gov/datacardscollection/salud-dcc>. (last visited June 5, 2023).

⁷ See *COVID-19 in Figures in Puerto Rico*, <https://covid19datos.salud.gov.pr/> (last visited June 4, 2023).

⁸ See <https://www.salud.pr.gov/CMS/416>.

with vaccinations,” and (iii) “up-to-date with vaccinations,” indicating that such distinction provides the most accurate available data.

11. Based on those definitions, as of June 5, 2023, in Puerto Rico there are (i) 348,730 individuals (or 10.69% of the population) with “up-to-date vaccinations,” (ii) 2,460,183 individuals with “not up to date with vaccinations,” and (iii) 454,671 non-vaccinated individuals.⁹

12. Furthermore, as of June 4, 2023, Puerto Rico has had 1,256,448 confirmed COVID-19 cases, a daily average of 935 cases, and 5,908 reported deaths (92 since the March 2023 Report).

13. The Government continues to work closely with experts from various sectors to monitor the virus and adopt or modify any necessary measure or restriction on a timely basis.

III. Update on Funding Related to Reconstruction and Resiliency Endeavors

A. Update on Reconstruction and Resiliency Endeavors¹⁰

14. The Government continues to disburse federal aid under the Governor’s public policy initiative to restore crucial infrastructure. The various disbursements made, and important developments, since the March 2023 Report include the following:

- On March 16, 2023, the Government announced that the HMGP is working on 35 projects with an investment of \$122 million to address flood-prone areas.¹¹ For residents and retailers in the Piel Canela Boulevard area in Coamo, measures to address flood risks include a larger capacity stormwater drainage system. The first phase of such project represents more than \$340,000 for engineering services and topographic and geotechnical studies to strengthen this area. In addition, nearly \$279,000 was allocated to install piping in the Santa María community in San Germán. Of that amount, \$28,000 was approved for the initial phase, which seeks to prevent erosion and reduce the risk of property loss in the event of rain from natural disasters by installing 869 feet of corrugated metal pipe inside an existing ditch.

⁹ See <https://covid19datos.salud.gov.pr/>.

¹⁰ AAFAF obtained the data and information provided herein directly from COR3.

¹¹ See COR3 Press Release, *FEMA Addresses Flood Risks in 25 Municipalities* (March 16, 2023), *COVID-19 in Figures in Puerto Rico*, <https://recovery.pr.gov/en/press-releases/fema-addresses-flood-risks-in-25-municipalities>.

- On March 17, 2023, the Governor and FEMA announced the arrival of electric generators with approximately 150 megawatts of electric energy to stabilize Puerto Rico's electric grid during the hurricane season, while the reconstruction, improvements and large-scale projects continue to take place.¹² The Governor explained that this provisional generation of energy is fundamental to reduce the risk of unforeseen electric outages and supplement the reserve generation capacity, all of which establish ideal conditions for a successful transition to renewable energy infrastructure.
- On March 22, 2023, the Governor announced that the sanitary trunk main that serves the communities of Vistamar, Los Angeles, and Loíza Pueblo, in Carolina and Loíza, respectively, is in the construction stages following an allocation of about \$8.2 million from FEMA.¹³ This system, essential for transporting wastewater, will be rebuilt with an innovative system that will provide a useful life of at least 50 years to the pipes that carry wastewater to the treatment plants. As explained by the Governor, the reconstruction of this sanitary system will have a positive impact in the quality of life of the thousands of residents and business owners in the area, who will be able to count on the potable water they need and deserve. Furthermore, the Government explained that this project, which is expected to benefit an estimated 12,000 PRASA customers, is one of the most comprehensive projects that PRASA, COR3, and FEMA have together. It optimizes Puerto Rico's sanitary sewer system, while helping protect the Island's natural resources and mitigating future damage, by creating a renewed infrastructure that will withstand future atmospheric events.
- On March 28, 2023, the Governor announced the execution of a Memorandum of Understanding between the Department of Natural and Environmental Resources ("DRNA" for its initials in Spanish) and the Puerto Rico Infrastructure Financing Authority ("PRIFA") for the reconstruction of the Punta Santiago dock in Humacao, which has been severely affected by the passing of hurricanes.¹⁴ The reconstruction of the dock is expected to further activate the zone's economy and increase job opportunities, particular to those dedicated to fishing. The estimated cost of the project is \$11.5 million, which includes \$7.3 million received from FEMA by the DRNA and \$4.2 million destined to PRIFA, the agency in charge of the project.

¹² See COR3 Press Release, *Gobernador y FEMA anuncian llegada de generadores eléctricos para estabilizar sistema en temporada de huracanes*, (March 17, 2023), <https://recovery.pr.gov/en/press-releases/gobernador-y-fema-anuncian-llegada-de-generadores-electricos-para-estabilizar-sistema-en-temporada-de-huracanes>.

¹³ See COR3 Press Release, *Work Underway to Rebuild Sanitary Pipelines between Carolina and Loíza*, (March 22, 2023), <https://recovery.pr.gov/en/press-releases/work-underway-to-rebuild-sanitary-pipelines-between-carolina-and-loiza>.

¹⁴ See COR3 Press Release, *Gobernador anuncia firma de Acuerdo para reconstruir muelle de Punta Santiago en Humacao* (March 28 2023), <https://recovery.pr.gov/en/press-releases/gobernador-anuncia-firma-de-acuerdo-para-reconstruir-muelle-de-punta-santiago-en-humacao>.

- On March 31, 2023, the Governor announced that COR3 presented a plan for energetic resilience—with U.S. Department of Energy’s (“DOE”) assistance—for the use of \$3.7 million that will be available for five (5) years under a program for prevention of electric interruptions of the “Grid Resilience Formula Grants.”¹⁵ The Government also announced that the proposed microgrid systems for Vieques and Culebra will be composed of 12.5 and 3 megawatts, respectively, to, together with battery storage units, provide a reliable, clean, and reliable energy system to such municipalities. The Government further announced the signing of a Collaborative Agreement between the Department of Economic Development and Commerce (“DDEC”) and the mayors of Vieques and Culebra to develop a short- and long-term project to incentivize the use of electric vehicles. In addition, the Government announced that Puerto Rico is on its way to having over 2 thousand megawatts of electric generation capacity based on large scale solar energy projects and the incentives to create microgrids.
- On April 3, 2023, COR3, together with FEMA and the Puerto Rico Housing Department, held an event called “A Resilient Puerto Rico, Mitigating Future Risks,” to provide guidance to sub-recipients of HMGP funds of available opportunities to maximize the development of projects for risk mitigation or the reconstruction of permanent works.¹⁶ The Government announced that the submitted and/or approved projects before FEMA are directed towards the development of works to generate renewable energy, flood control, mitigation of the effect of climate change, reparation of earthquake and landslide damages, among others.
- On April 5, 2023, the Governor announced the commencement of a project for the reconstruction of the Iglesia Misión Cristiana Fuente de Agua Viva, in the municipality of Carolina, following an obligation of FEMA of approximately \$32.5 million.¹⁷ The Governor further announced that, as of that date, FEMA had assigned obligations of \$480 million to approximately 1,780 churches or faith-based institutions, noting that COR3’s WCA program is available for fund sub-recipients of the faith-based sector.
- On April 10, 2023, COR3 announced that, due to the WCA program, during the first quarter of the current year, it had made advances and reimbursements in the amount of \$513.7 million (exceeding the amounts of \$457 million and \$363 million disbursed in the years 2020 and 2021, respectively) to sub-recipients of FEMA’s Public Assistance Program and HMGP, further noting that its goal was

¹⁵ See COR3 Press Release, *Gobernador anuncia COR3 presenta plan para resiliencia energética* (March 31, 2023), <https://recovery.pr.gov/en/press-releases/gobernador-anuncia-cor3-presenta-plan-para-resiliencia-energetica>.

¹⁶ See COR3 Press Release, *COR3 Orienta A Subrecipientes Sobre Programas De Mitigación De Riesgos*, (Apr. 3, 2023), <https://recovery.pr.gov/en/press-releases/cor3-orienta-a-subrecipientes-sobre-programas-de-mitigacion-de-riesgos>.

¹⁷ See COR3 Press Release, *Gobernador Anuncia Inicio De Reconstrucción De La Iglesia Misión Cristiana Fuente De Agua Viva*, (Apr. 5, 2023), <https://recovery.pr.gov/en/press-releases/gobernador-anuncia-inicio-de-reconstruccion-de-la-iglesia-mision-cristiana-fuente-de-agua-viva>.

to disburse \$2,000 million by the end of 2023.¹⁸ Of the amounts disbursed during the first quarter, 77% (\$394.1 million) correspond to permanent reconstruction projects, while 18% pertain to works for emergency protection measures for multiple disasters.

- On April 16, 2023, FEMA announced having reached historic \$30 billion milestone in allocations for the Recovery of Puerto Rico, for projects related to the reconstruction of highways, parks, hospitals, educational institutions, water, and electricity infrastructure, among others, for damages related to the passing of Hurricane Maria.¹⁹ Among these allocations, the University of Puerto Rico will have available over \$750 million to optimize its structures and campuses. As explained by FEMA, this milestone will result in an unprecedented and comprehensive reconstruction for this and future generations, through which Puerto Rico will experience a resilient recovery essential in planning for future atmospheric events.
- On April 20, 2023, LUMA announced that, together with the mayor of Trujillo Alto, representatives of COR3, the Puerto Rico Public-Private Partnerships Authority, and the Governor's office, commenced the modernization of El Conquistador substation in Trujillo Alto.²⁰ This substation is an important element of Puerto Rico's electric infrastructure as it provides services to 20,827 clients in the municipalities of Trujillo Alto and San Juan.
- On May 7, 2023, the Government announced that three centuries-old structures located in Old San Juan—all of which are considered architectural jewels that house hundreds of years of history within their walls—would be repaired with nearly \$10.7 million from FEMA.²¹ The three structures are the Catedral de San Juan Bautista (the oldest cathedral on the Island and the second oldest in America), the Iglesia Santa Ana and the Capilla Santo Cristo de la Salud (constructed over 270 years ago), all of which are part of the National Register of Historic Places. As of May 7, 2023, FEMA had obligated nearly \$30.4 billion in Public Assistance funds for roughly 10,600 projects to support the rebuilding of a more resilient Puerto Rico.

¹⁸ See COR3 Press Release, *Reembolsos y adelantos del COR3 superan los \$500 millones, en el primer trimestre del año* (Apr. 10, 2023), <https://recovery.pr.gov/en/press-releases/reembolsos-y-adelantos-del-cor3-superan-los-500-millones-en-el-primer-trimestre-del-ano>.

¹⁹ See COR3 Press Release, *FEMA Reaches Historic \$30 Billion Milestone for the Recovery of Puerto Rico* (Apr. 16, 2023), <https://recovery.pr.gov/en/press-releases/fema-reaches-historic-30-billion-milestone-for-the-recovery-of-puerto-rico>.

²⁰ See COR3 Press Release, *LUMA Anuncia La Histórica Iniciativa De Modernización De Subestaciones, Financiada Por FEMA, Para Modernizar La Subestación El Conquistador* (Apr. 20, 2023), <https://recovery.pr.gov/en/press-releases/luma-anuncia-la-historica-iniciativa-de-modernizacion-de-subestaciones-financiada-por-fema-para-modernizar-la-subestacion-el-conquistador>.

²¹ See COR3 Press Release, *Historic Buildings In Old San Juan Will Be Repaired With FEMA Funds* (May 7, 2023), <https://recovery.pr.gov/en/press-releases/historic-buildings-in-old-san-juan-will-be-repaired-with-fema-funds>.

- On May 11, 2023, the Government announced that several museums in Ponce—tasked with preserving historic treasures—have been allocated funds from FEMA to repair the same.²² The approval of these allocations represents nearly \$2.1 million earmarked for repairs of damages associated with the passing of Hurricane Maria and over \$379,0000.00 to address damages caused by the 2020 earthquakes. These museums—among which is the Museum Castillo Serrallés, which exhibits the development of the sugar industry—tell Puerto Rican history from various angles, including, (i) the development of trade and agriculture, (ii) the remembrance of significant events, and (iii) the preservation of popular music.
- On May 15, 2023, the Governor announced the demolition of Maunabo’s diagnostic and treatment center (“CDT”), for the construction of a new health center.²³ This project, which is expected to have a positive impact on the health and wellbeing of approximately 10,000 residents of Maunabo and visitors from other municipalities, will take place with an investment of \$29 million from FEMA and \$3 million from CDBG-DR. As noted by the Governor, the prior CDT had not been providing emergency services since the passing of Hurricane Maria in 2017, and the new facility is expected to provide resilience to Maunabo with a modernized infrastructure that will withstand future atmospheric events.
- On May 17, 2023, COR3 announced that, the Quarterly Progress Report (“QPR”) for the periods of January through March 2023 reveal over 9,300 reconstruction projects valued at approximately \$6,637 million, representing an increase of 1,124 works-in-progress when compared to the prior quarter.²⁴ The data from the QPR reveals the following progress for reconstructions projects of municipalities, government dependencies, non-profit entities, electric grid renovations, aqueduct systems, and infrastructure of the Department of Education and the Public Housing Administration:
 - 1,671 Design Acquisition Projects with a FEMA obligation of \$1,328,270,488, an increase of 438 projects when compared to the October-December 2022 QPR;
 - 1,733 Design Projects with a FEMA obligation of \$1,526,008,991, an increase of 301S projects when compared to the October-December 2022 QPR;

²² See COR3 Press Release, *Museums Will Be Restored to Preserve Puerto Rican History and Culture* (May 11, 2023), <https://recovery.pr.gov/en/press-releases/museums-will-be-restored-to-preserve-puerto-rican-history-and-culture>.

²³ See COR3 Press Release, *Gobernador Pierluisi Anuncia Demolición De Centro De Salud En Maunabo Y La Construcción De Nuevas Instalaciones* (May 15, 2023), <https://recovery.pr.gov/en/press-releases/gobernador-pierluisi-anuncia-demolicion-de-centro-de-salud-en-maunabo-y-la-construccion-de-nuevas-instalaciones>.

²⁴ See COR3 Press Release, *Incrementan Proyectos De Reconstrucción En Ejecución, A Través De Los Fondos De FEMA* (May 17, 2023), <https://recovery.pr.gov/en/press-releases/incrementan-proyectos-de-reconstruccion-en-ejecucion-a-traves-de-los-fondos-de-fema>.

- 1,235 Construction Acquisition Projects with a FEMA obligation of \$1,486,524,885 an increase of 80 projects when compared to the October-December 2022 QPR;
- 2,793 Construction Projects with a FEMA obligation of \$1,582,288,407, an increase of 40 projects when compared to the October-December 2022 QPR; and
- 1,878 Completed Projects with a FEMA obligation of \$444,108,367, an increase of 286 projects when compared to the October-December 2022 QPR.

As of May 29, 2023, the United States Congress had appropriated \$82,598,351,528 for Puerto Rico's recovery efforts. Of this amount, federal agencies have committed approximately \$75,839,136,838 for distribution, and \$28,401,353,704—around 34.38% of the appropriated amounts—has been disbursed. Of these amounts, FEMA has committed \$46,065,156,647 and disbursed \$17,989,636,205, allocating \$31,854,434,989 committed funds to Public Assistance, of which \$7,298,107,865 have been disbursed. The COR3 Website details the Government's use of these funds. The COR3 Website is accessible at <https://recovery.pr/en>.

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Dated: June 6, 2023
San Juan, Puerto Rico

Respectfully submitted,

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